

**Jurisdiction H Part A/Part B Medicare Administrative Contractor  
(A/B Jurisdiction H MAC)**

**Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma and  
Texas**

**Contract Award to Highmark Medicare Services, Inc.  
Questions and Answers**

---November 2011---

**Q: What company has been awarded the contract for the Jurisdiction H A/B MAC workload?**

A: Highmark Medicare Services (HMS), of Camp Hill, PA, has been awarded the Jurisdiction H A/B MAC contract.

**Q: Which states are included in the Jurisdiction H A/B MAC service area?**

A: Seven states – the States of Arkansas, Colorado, Louisiana, Mississippi, New Mexico, Oklahoma, and Texas - comprise Jurisdiction H.

- In this contract award, CMS is consolidating two former MAC jurisdictions.
- Jurisdiction 4 was comprised of Colorado, New Mexico, Oklahoma, and Texas.
- Jurisdiction 7 was comprised of Arkansas, Louisiana, and Mississippi.

**Q: What responsibilities will HMS perform under the new contract?**

A: HMS will process Part A and Part B Medicare claims from health care providers located in the Jurisdiction H service area. HMS will also enroll health care providers in the Medicare program, educate providers in Medicare billing requirements, assist Medicare providers with their questions, audit Medicare cost reports, and perform other critical Medicare fee-for-service program functions for providers located in Jurisdiction H.

**Q: Who are the incumbent Medicare claims contractors in these states that will be affected by this award?**

A: The incumbent Medicare claims contractors are as follows:

- Pinnacle Business Solutions, Inc. (PBSI) holds the Part A Fiscal Intermediary contracts for Arkansas, Louisiana, and Mississippi.
- PBSI also holds the Part B carrier contracts for Arkansas and Louisiana.
- Cahaba Government Benefits Administrators (Cahaba GBA) holds the Part B carrier contract for Mississippi.
- TrailBlazer Health Enterprises (TBHE) is the incumbent contractor for A/B MAC Jurisdiction 4 (Colorado, New Mexico, Oklahoma, and Texas).

**Q: What are the major differences in contracting process for the A/B MACs compared to the older fiscal intermediary (FI) and carrier contracts?**

A: The claims administration workload for each A/B MAC is being awarded through full and open competition conducted in accordance with federal procurement law. Based on structured evaluation criteria, the CMS contracting officer selects the proposal that represents the best value for the government. The A/B MAC contracts are for the administration of both Medicare Part A and Part B claims in a specific geographic jurisdiction. MACs are able to earn incentive payments if their performance exceeds contract requirements.

Under the requirements of the prior Medicare legislation dating to 1966, the FI and carrier contracts were not, for the most part, awarded through competitive procedures. In addition, only health insurance companies could serve as a Medicare carrier. The contracts for the FIs and carriers do not allow for performance incentives; rather, the contracts were largely restricted to reimbursement for costs incurred in administering Medicare claims.

**Q: What type of contract has been awarded for the Jurisdiction H A/B MAC workload?**

A: The Jurisdiction H A/B MAC was awarded under a cost-plus-award-fee contract. The period of performance for the contract is a base period with four 1-year options. The total value of the contract for the five year period, inclusive of all options, is estimated at \$406 million.

**Q: Where is the Jurisdiction H A/B MAC contractor's headquarters?**

A: HMS' operations are headquartered in Camp Hill, Pennsylvania.  
For more information regarding HMS, please see [www.highmarkmedicare.com](http://www.highmarkmedicare.com)

**Q: When will the new Jurisdiction H A/B MAC begin operations and how will the implementation impact the provider and beneficiary communities?**

A: Barring any delays, the implementation activities of the A/B MAC that are needed to move the Part A/Part B workload for Arkansas, Louisiana, and Mississippi will begin immediately; CMS expects to complete the transfer of these workloads to HMS by early 2012. The transition of the Part A and Part B workloads for Colorado, New Mexico, Oklahoma, and Texas is not expected to be complete until late July 2012.

CMS has considerable experience in overseeing successful contractor transitions. CMS will work with all stakeholders to ensure a smooth implementation and minimal impact to the provider and beneficiary communities.

**Q: How will staffing be affected as work moves from the current MAC, FIs, and carriers to the Jurisdiction H A/B MAC?**

A: With the award and implementation of the new contract, the A/B Jurisdiction H MAC will be performing the claims administration work that had been distributed among three contractors. Fewer staff will be required to perform the full scope of activities because of the consolidation of the contracts.

For more specific questions regarding staffing please contact the Contracting Officer, Kathy Markman, [Kathy.Markman@cms.hhs.gov](mailto:Kathy.Markman@cms.hhs.gov) or 410-786-8916.

**Q: How many beneficiaries and providers are there in Jurisdiction H? What percent of the national claims workload is accounted for in this Jurisdiction?**

A: CMS estimates that –

- About 4.9 million Medicare Fee-for-Service beneficiaries reside in Jurisdiction H.
- Approximately 1,300 Medicare hospitals will be served by the new MAC.
- The new MAC will serve approximately 147,000 physicians and other Part B practitioners that furnish health care services to Medicare beneficiaries in this jurisdiction.
- Jurisdiction H accounts for approximately 13.2% of all Medicare fee-for-service claims nationally.

**Q: Did the winning contractor include any subcontractors in its proposal? If so, what services will the subcontractor(s) provide?**

A: Yes. HMS will subcontract with Reed & Associates, CPAs, Inc. (Reed), a woman-owned small business with a main office in Manassas, Virginia. Reed will serve as an independent certified public accounting to perform certain CMS-required reviews of the internal controls implemented by HMS, and to make recommendations concerning these control processes.